Priddis Music, Inc. v. Trans World Entertainment Corporation
Doc. 53 Att. 10

EXHIBIT P

Dockets.Justia.com

At this time of year, I would like to take the time to thank each of you for your continued cooperation and efforts throughout this year.

As previously discussed, we have agreed to charge each vendor 10% quarterly on purchases for the year 2001 as advertising/rack placement fee dollars.

Please sign off on this sheet and fax back to my attention at 518-452-3547 so that I may place this in each of your files. If you have any questions, please don't hesitate to contact me.

Thanks for all your support!

Joanne Maggio
Boutique Buyer

Approval

RICK PRIDDIS PRES. 12-20-00

Name Title Date

At this time of year, I would like to take the time to thank each of you for your continued cooperation and efforts throughout this year.

As most of you are aware, each company has advertising goals to reach by its year end, with Trans World being no exception. I have been asked by upper management, to obtain from each of you a rack placement fee for the year 2000 and negotiate for the year 2001 as well. This fee is in addition to the advertising coop that we occasionally ask for throughout the year (FSI ads etc). This is strictly for placement of your racks in our stores. At this time we are asking you for a credit of $33000.00 to cover the rack placement for this year. In 2001, we will then be charging you 10% of yearly purchases for same rack placement.

Please sign off on the attached co-op advertising sheet and return to my attention immediately. If you have any questions, please don't hesitate to contact me.

Thanks for all your support!

Joanne Maggio
Boutique Buyer

EXHIBIT Q

0026

PRIDDIS000149

Boutique Department Co-Cop SI	
EVENT DATES ARE OUTLINED BELOW	DEADLINE:
BUYER: Joanne Maggio	DATE OPENED
THEME: Placement Fee	TOTAL COOP: $33000.00

VENDOR	LABEL	FORMAT	DATES	UPC	TITLE	AD COM	SALE PRICE
Priddis Music					Rack Placement Fee		$33,000.00

Signature of Advertising Representative: [signature] RICK PRIDDIS

Please sign and return via Fax# 518-452-3547

(SIGNING THIS AD SHEET CONSTITUTES APPROVAL OF THIS PROPOSAL)

EXHIBIT R

March 28, 2002

Priddis Music Inc.
PO Box 345
Pleasant Grove, UT 84062

Russ Kellar
T.W.E.C.
38 Corporate Circle
Albany, NY 12203

RE: 2002 Plan

Dear Russ,

This letter outlines the 2002 program as we have discussed. You were interested in the following:

- The BEST PRICE you can get
- No competition from us on the INTERNET
- An improvement to our DISPLAY rack

We are interested in the following:

- Remain your PRIMARY KARAOKE VENDOR
- Simplify accounting and improve CASH FLOW
- Simplify and improve accuracy of RETURNS
- Up to date NEW RELEASE ordering of all product LINES
- Adding ADDITIONAL ENTERTAINER Series CDG's

Pricing

Product	Current	MSRP
ProSound CDG	$ 7.00	$ 14.95
ProSound Cassettes	$ 4.65	$ 9.95
Faith Series CDG	$ 7.00	$ 14.95
Faith Series Cassettes	$ 4.65	$ 9.95
Entertainer Series CDG	$ 11.49	$ 24.95
Entertainer Series DVD	$ 11.49	$ 24.95
MORPH1 Package	$ 19.95	$ 44.95

Volume Rebate – Yearly Discount (Net Sales)

Net Sales	Discount
$ 1,500,000.00	1%
$ 2,000,000.00	1.5%
$ 2,500,000.00	2%
$ 3,000,000.00	2.5%
$ 4,000,000.00	3%
$ 5,000,000.00	4%

Discounts / New Rack Placement Fee: In order to simplify accounting and improve cash flow, we asked that the rack placement fee be discontinued and we include the discount up front in our pricing. You mentioned that this would not be possible and that you would like to continue with the 10% rack placement fee. You also requested that the offered 5% price discount be taken with the quarterly rack placement rather than off the initial price. **We will agree to the 15% quarterly rack placement fee, consequently the prices for our product will remain the same.** The first volume discount would also give you an additional 5% off the current price. In addition, we currently give 2% discount for on time payment and we are covering freight, which figures in at another 2%. The free displays we are supplying are another 7% - 10%. This all adds up to at least **31% off** the current price, or an effective price of $4.83 or less per 5+5-song disc.

Internet. We do want customers to go to you first. The main reason for our website is because few stores carry all our titles. We want customers to be able to get what they want. Our site does have a "Dealer Search" area with your stores listed there. We can do some things like add banners that direct customers to your site. However, I went to your "fye" site and failed to find our product there. A search for "karaoke" brought up only a few titles (not ours). Another search for "sing like" brought up all Sound Choice titles, listed as "out of stock". I searched for "priddis", "Britney Spears", etc. It seemed that nothing I did brought up our product. We would like to have a presence on your website. Lets discuss what we can do so people can find our product on your site, and then we will be happy to discuss our website.

Returns. You mentioned that returns would now come through your DC Centers, which should eliminate all of the past problems with compliance, paperwork, and accounting nightmares.

New Releases. When we initially met, we decided on a program where our new releases would automatically be ordered. I think even 1 or 2 copies per store would be valuable to keep the mix up to date and keep customers coming back. We talked about the new releases being added to the basic inventory or dropped and returned quarterly, based on sales. You also mentioned adding some additional titles of the Entertainer Series (15 song discs) to the basics. We think this is a good idea.

Sell Through/Down: Before product is returned basics should be dropped so that replenishment orders aren't still ordering the future returns. I would then like to discuss with you an appropriate amount of time that we will allow the desired product sell through/down in the stores before they are returned.

Primary Vendor. We want you to be happy with our product and service. We value the relationship we have developed with TWEC over the last few years, and want to continue to make Karaoke a successful product for you. We would like to see you reach the higher volume discounts by continuing to add new stores and product. We will do everything we can to help you.

Best regards,

David Tomlinson
Sales Manager
Priddis Music

PriddisMusic

PerformanceMusicForSingers

priddis

March 28, 2002

2002 Agreement

Pricing:

PRODUCT	TWEC Cost	MSRP
ProSound CDG	$ 7.00	$ 14.95
ProSound Cassettes	$ 4.65	$ 9.95
Faith Series CDG	$ 7.00	$ 14.95
Faith Series Cassettes	$ 4.65	$ 9.95
Entertainer Series CDG	$ 11.49	$ 24.95
Entertainer Series DVD	$ 11.49	$ 24.95
MORPH1 Package	$ ~~19.95~~ PT $ 23.50	$ 44.95

Volume Rebate – Yearly Discount (Net Sales):

Net Sales	Discount
$ 1,500,000.00	1%
$ 2,000,000.00	1.5%
$ 2,500,000.00	2%
$ 3,000,000.00	2.5%
$ 4,000,000.00	3%
$ 5,000,000.00	4%

Coop Allowance Fee:

15% (Previously Rack Placement Fee)

Returns:

All returns will come through your DC Centers. Allow time for sell through / downs (determined by the both of us) on product that will be returned.

Website:

Once our product is up on www.twec.com then we will discuss our pricing on www.priddis.com.

David Tomlinson
Sales Manager
Priddis Music

P.O. Box 345 Pleasant Grove, Utah 84062-0345
1.800.326.3062 • 1.801.785.6705 fax • sing@priddis.com • www.priddis.com

0053

PRIDDIS000308

EXHIBIT S

mber 22, 2003

Kellar / Sara Gleason
world Entertainment

New Terms of Sale

Russ & Sara,

letter is to confirm our new terms of sale, effective immediately.

oduct Description: KARAOKE CD & DVD

yment Terms: C.O.D.

epaid Freight Direct to DCs: Yes

0% Returnable for Credit: No (Each return and replacement order must be worked out & approved in advance with Priddis Music)

OI Compliant: Yes

ack Placement Fee & DC Discount: 16% (Discount will be applied at time of order and deducted from C.O.D. amount due)

ed: ________________________________

Richard Priddis – President

Priddis Music

letter is to be used in conjunction with the vendor agreement forms previously signed for by Priddis Music.

EXHIBIT T

From: Rick Priddis <RLP@priddis.com>
To: "Kellar, Russell" <RKellar@TWEC.COM>
Cc: Gavon Barkdull <gavon@priddis.com>
Date: Tuesday, August 6, 2002 8:49 PM
Subject: Re: 4 packs on priddis

Russ,

I like the idea. I haven't had a chance to talk to you yet because I'm on vacation with my family and so I haven't been in the office to put the numbers together. We're out on the road and I have checked my email a couple times, so I'm not totally out of touch. Perhaps you could work with Gavon until I get back on the 15th.

Thanks,

Rick

> From: "Kellar, Russell" <RKellar@TWEC.COM>
> Date: Mon, 5 Aug 2002 09:31:29 -0400
> To: "'Gavon J. Barkdull'" <gavon@priddis.com>,
> "'rlp@priddis.com'"<rlp@priddis.com>
> Subject: RE: 4 packs on priddis
>
> Gavon/Rick,
> I wasn't sure if you had time to digest this, but I would like to get some
> dialogue going on it. Please give me a call this morning to discuss.
> Thanks.
>
> Russ Kellar
> Trend Buyer
> Trans World Entertainment
> 38 Corporate Circle
> Albany, NY 12203
> Visit us at WWW.FYE.Com
> RKellar@TWEC.com
> (P) 518-452-1242 Ext 7384
> (F) 518-862-9519
>
>
> -----Original Message-----
> From: Kellar, Russell
> Sent: Tuesday, July 30, 2002 6:51 PM
> To: 'rlp@priddis.com'
> Subject: FW: 4 packs on priddis
>
> Rick,
> I used the incorrect email. Please review the message below. Thanks.
>
> Russ Kellar
> Trend Buyer
> Trans World Entertainment
> 38 Corporate Circle
> Albany, NY 12203
> Visit us at WWW.FYE.Com
> RKellar@TWEC.com
> (P) 518-452-1242 Ext 7384

RECEIVED APR 12 2006

> (F) 518-862-9519
>
>
> -----Original Message-----
> From: Kellar, Russell
> Sent: Tuesday, July 30, 2002 6:47 PM
> To: 'Gavon J. Barkdull'; 'Rick@priddis.com'
> Cc: Gleason, Sara
> Subject: 4 packs on priddis
>
> Gavon/Rick,
> It was nice to finally meet you today. It looks like this is going to be
> another great year. I have got some news that you should be pretty
> interested in hearing. I am looking at the possibility of getting the
> karaoke music through the DC's instead of direct to store. This should help
> us maximize inventory, as well as keep us in a better in stock position.
> What I am looking is for is the cost savings of doing this. Obviously there
> is the freight issue, but also there is the invoicing, packing, sorting,
> etc...involved with shipping direct to store. If it makes financial sense,
> I would handle the shipments from the DC to store. Please take a look at
> the above and call me tomorrow to discuss the possibility of doing such a
> program and what the cost savings would be. I would probably look to get
> the product in inner packs of 3-4 per title. The case pack would depend on
> the size of the inner pack. Thanks.
>
> Russ Kellar
> Trend Buyer
> Trans World Entertainment
> 38 Corporate Circle
> Albany, NY 12203
> Visit us at WWW.FYE.Com
> RKellar@TWEC.com
> (P) 518-452-1242 Ext 7384
> (F) 518-862-9519
>
>
>

EXHIBIT U

Lotano, Alyssa

From: Kellar, Russell
Sent: Tuesday, January 28, 2003 2:29 PM
To: 'Rick Priddis'
Cc: 'Gavon J. Barkdull'; 'christian@priddis.com'; Lotano, Alyssa; Larsen, Phil; Festa, Kathleen; 'wendy@priddis.com'; Tiemann, Sue
Subject: FW: Priddis
Importance: High

Rick,
I have attached the current due payables that we are showing on our books vs. what you are showing. We have had many issues in trying to reconcile this account. We need to get this under control as we move forward. It is far and away one of the most difficult and time consuming accounts that our AP deals with. I have asked our AP and EDI to copy you on issues that we are facing. You need to be aware of the problems that are causing these payment issues. You will be contacted by Kathy Festa, our vendor relations supervisor, and she will go over in detail these issues. We have highlighted a few of them below.

We will be releasing a check in the amount of $360,947 next week. The breakdown of the payment is listed on the summary sheet attached. After you have reviewed this, please send me an email and let me know what a good time to contact you is. Thank you.

Russ Kellar
Trend Buyer
Trans World Entertainment
38 Corporate Circle
Albany, NY 12203
Visit us at WWW.FYE.Com
RKellar@TWEC.com
(P) 518-452-1242 Ext 7384
(F) 518-862-9519

-----Original Message-----
From: Ellsworth, Alyssa
Sent: Monday, January 27, 2003 2:42 PM
To: Kellar, Russell; Tiemann, Sue
Subject: Priddis

Russ
I've attached a workbook of the Priddis Account. There are several sheets, but the last sheet will give you the information you are looking for. Our balances are off $194,934.06.
$105,438.80 of this amount are invoices TWEC needs.
$87,963.87 is the difference between chargebacks TWEC is going to deduct and credit memo's Priddis issued.

Priddis is still in a credit balance for December due because of returns and POD chargebacks. As you can see by the spreadsheet they are showing ($34,733.75) due. For January Priddis is showing $576,898.98 due.

As far as the reconciliation process, I think I've explained some of the problems we are encountering with their EDI invoices. Here are some examples of the problems with decimal points:

Invoice #	Transmitted as	Statement Amount
1712	.99	99.00
1786	19.89	198.90
1793	21.29	212.90
1884	22.69	226.90

1946	22.69	226.90

We are also concerned with the freight terms. According to our records, Priddis will charge $1.00 per invoice if the shipment is under 20 pieces. They are currently charging us anywhere from $1 to $9. Many of these are in the form of debit memo's. This area gets a little messy as Priddis will transmit the invoice with freight, but on the statement it is two separate invoices-one for the invoice, and one for freight.
1012 transmitted as $16.00 - This is on the statement for $7.00 but invoice 1251 is open for $9.00 for the freight.
1027 transmitted as $16.00 - This is on the statement for $7.00 but invoice 1254 is open for $9.00 for the freight.
1026 transmitted as $23.00 - This is on the statement for $14.00 but invoice 1255 is open for $9.00 for the freight.

Russ
There are some more minor issues open (primarily from the 'invoice amount differences' section of the spreadsheet). We have not been able to identify what some of those differences are. What Priddis transmits should be what is open. However these are not matching.
E6458 – TWEC has booked for $385.92 but it is on the statement as $450.90
2727 – TWEC has booked for $1,534.03 but it is on the statement as $1,520.03

Please call me with any questions!

Alyssa Ellsworth
Senior Vendor Relations Assistant
Trans World Entertainment
Phone: (518) 452-1242 Ext. 7753
Fax: (518) 464-1406

Visit us at: www.fye.com

EXHIBIT V

From: RKellar@TWEC.COM [mailto:RKellar@TWEC.COM]
Sent: Friday, October 24, 2003 8:30 AM
To: STiemann@TWEC.COM; lainee@priddis.com; RLP@priddis.com
Cc: KFesta@TWEC.COM; SGleason@TWEC.COM; Gavon@priddis.com
Subject: RE: Priddis Invoices with Amt Differences

Rick,
We still haven't received a response from this email. These are some of the major problems that are causing the payment issues. We have been allocating a significant amount of time reconciling your account and we need your feedback as well. Every time there is a discrepancy on an invoice, it must be removed and researched before it can get paid. We would like to set up a conference call for 3:00 EST today to discuss the issues and get some resolution. Please confirm that this time will work for you. Thank you.

Russ Kellar
Trend Buyer
Trans World Entertainment
38 Corporate Circle
Albany, NY 12203
Visit us at WWW.FYE.Com
RKellar@TWEC.com
(P) 518-452-1242 Ext 7384
(F) 518-862-9519

-----Original Message-----
From: Tiemann, Sue
Sent: Friday, October 10, 2003 4:25 PM
To: 'lainee@priddis.com'; 'Rick Priddis'
Cc: Festa, Kathleen; Kellar, Russell
Subject: Priddis Invoices with Amt Differences

Lainee,

I had a supervisor research the invoices with the amount differences from your statement dated 8/20/03. She found that several things are occurring. The issues are with double billing, shortages and freight. I've attached a spreadsheet with the details for each invoice.

These are the same issues we've been having since the reconciliations started in January of this year. We've reconciled the account on 1/03, 2/03, 6/03 and 8/03. We have to make manual corrections each time a reconciliation is done. It's taking TWEC a lot of time to determine if we have been over or under billed.

Priddis must make the corrections necessary to remedy these issues. Thank you in advance for your cooperation.

Sincerely,

Sue

Sue Tiemann

Visit us at WWW.FYE.Com
RKellar@TWEC.com
(P) 518-452-1242 Ext 7384
(F) 518-862-9519

-----Original Message-----
From: Tiemann, Sue
Sent: Friday, October 10, 2003 4:25 PM
To: 'lainee@priddis.com'; 'Rick Priddis'
Cc: Festa, Kathleen; Kellar, Russell
Subject: Priddis Invoices with Amt Differences

Lainee,

I had a supervisor research the invoices with the amount differences from your statement dated 8/20/03. She found that several things are occurring. The issues are with double billing, shortages and freight. I've attached a spreadsheet with the details for each invoice.

These are the same issues we've been having since the reconciliations started in January of this year. We've reconciled the account on 1/03, 2/03, 6/03 and 8/03. We have to make manual corrections each time a reconciliation is done. It's taking TWEC a lot of time to determine if we have been over or under billed.

Priddis must make the corrections necessary to remedy these issues. Thank you in advance for your cooperation.

Sincerely,

Sue

Sue Tiemann
Vendor Relations Assistant
Trans World Entertainment Corp.
Phone: (518) 452-1242 ext. 7763
Fax: (518) 464-1406

Visit us at www.fye.com

EXHIBIT W

Tiemann, Sue

From: Festa, Kathleen
Sent: Monday, October 13, 2003 8:08 AM
To: Kellar, Russell
Cc: Tiemann, Sue
Subject: FW: Priddis Invoices with Amt Differences

Russ,

Do you see what is going on. We need your help. As stated in this email, we have reconciled this account way too many times. And if you read this email, even Lainee from priddis is stated that TWEC is responsible to see if priddis has under or doubled billed. How about billing correctly and then there wouldn't be this issue at all. This is getting ridiculous. HELP!!

Kathy Festa
Vendor Relations Manager
Trans World Entertainment
PH(518) 452-1242 Ext. 7733
Fax(518) 464-1406
Visit us at: www.fye.com

-----Original Message-----
From: Tiemann, Sue
Sent: Friday, October 10, 2003 4:25 PM
To: 'lainee@priddis.com'; 'Rick Priddis'
Cc: Festa, Kathleen; Kellar, Russell
Subject: Priddis Invoices with Amt Differences

Lainee,

I had a supervisor research the invoices with the amount differences from your statement dated 8/20/03. She found that several things are occurring. The issues are with double billing, shortages and freight. I've attached a spreadsheet with the details for each invoice.

These are the same issues we've been having since the reconciliations started in January of this year. We've reconciled the account on 1/03, 2/03, 6/03 and 8/03. We have to make manual corrections each time a reconciliation is done. It's taking TWEC a lot of time to determine if we have been over or under billed.

Priddis must make the corrections necessary to remedy these issues. Thank you in advance for your cooperation.

Sincerely,

Sue

Sue Tiemann
Vendor Relations Assistant
Trans World Entertainment Corp.
Phone: (518) 452-1242 ext. 7763
Fax: (518) 464-1406

Visit us at www.fye.com

EXHIBIT X

Tiemann, Sue

From: Tiemann, Sue
Sent: Friday, August 15, 2003 9:10 AM
To: 'lainee@priddis.com'
Subject: Priddis Statement 6/5/03 Recon & RA # 6342
Attachments: Priddis Statement 060503.xls

Hi Lainee,

Attached is my reconciliation of the statement you sent on 6/5/03. Please let me know what you think.

Thanks,

Sue

-----Original Message-----
From: Lainee Price [mailto:lainee@priddis.com]
Sent: Monday, June 09, 2003 6:10 PM
To: Tiemann, Sue
Cc: 'Rick Priddis'; Gavon@priddis.com
Subject: FW: TWEC/Priddis - Open payables Rec.
Importance: High

Hi Sue:

Recently we had TWEC send us an open payables listing so that we could reconcile our Accounts Receivable account with yours. The attachment TW Rec 6-5-03 is a listing of the items that do not reconcile as of 6/5/03. I've made notes on a few items that will help clarify the inconsistenc ies . If you could please check these items against your records and either make the appropriate changes, or send me your notes and/or the applicable paperwork, we can bring us both into balance. Also, I'm aware of the possibility that a payment may have been applied differently by you than it was on our records. I've attached (twec payments) a listing of how your payments/credits were applied so that you can verify or make note of any differences.

Lastly, we had discussed the return for your RA#6342 which ended in a CM being issued for you (S00451) in the amount of $5594.39 (via your emailed spreadsheet of the contents.) Unfortunately, we have received almost twice the amount of that authorized ($10,071.10) However, nearly 400 pieces of the returned product is non-Priddis product. I've enclosed a listing of those items (see Nonproduct returns) . Will you have an RA# approved for us to return these products to you. Also, please have the RA for theses products applied directly to the CM they were sent with (s00451) to avoid confusion. Also , when I noticed the CBM006342D (which I'm assuming is the equivalent credit memo) on your open payables, the amount only equals $1,435.44. Please clarify the difference in amounts ?

I've attached the Excel documents spoke about in this email. Thank you for working with us to make the appropriate changes. These changes will enable things to run smoothly. Also, since we are working through this together, please let me know of any additional problems you may have recorded.

Thanks a bunch!

Lainee Price

DEFENDANT'S EXHIBIT NO. Price 10 FOR IDENTIFICATION DATE 8-18-06 RPTR LB PENGAD 800-631-6989

Page 2 of 2

Accounts Payable/Receivable
Priddis Music
800-326-3062
lainee@priddis.com

Outgoing mail is certified Virus Free.
Checked by AVG anti-virus system (http://www.grisoft.com).
Version: 6.0.473 / Virus Database: 271 - Release Date: 4/17/2003

Outgoing mail is certified Virus Free.
Checked by AVG anti-virus system (http://www.grisoft.com).
Version: 6.0.473 / Virus Database: 271 - Release Date: 4/17/2003

Outgoing mail is certified Virus Free.
Checked by AVG anti-virus system (http://www.grisoft.com).
Version: 6.0.473 / Virus Database: 271 - Release Date: 4/17/2003

CONFIDENTIAL

TWEC000353

Section 1: The following are the items that TW has on their open payables that do not match anything in our system.

Description	Invoice #	Inv. Date	Store	Amount	Due Date	TWEC Comments
6342 00176	CBM006342D	30512	1335	$ (1,435.44)	30512	In open payables-send credit
131816 00162	CBM131816	30525	1318	$ (1,305.67)	30525	In open payables-send credit
000S 0038600074	CBM14338/1	30506	128	$ (558.41)	30506	In open payables-send credit
000S 0038602904	CBM143382	30506	128	$ (22,945.67)	30506	In open payables-send credit
143903 00152	CBM143903	30527	1439	$ (1,222.20)	30527	In open payables-send credit
169948 00093	CBM169948	30526	1699	$ (770.67)	30526	In open payables-send credit
185454 00114	CBM185454	30520	1854	$ (902.59)	30520	In open payables-send credit
691211 00335	CBM691211	30506	691	$ (2,663.93)	30506	In open payables-send credit
89670/4344/SHRTG	CMMS00128	30127	4	$ (210.00)	30127	In open payables to reverse CBM89670 listed below
RAR#	CMUS00390	30430	1359	$ (7.00)	30430	In open payables
S00128	CBR89670	30115	4	$ 210.00	30122	This is the reversal of CBM89670-in open payables
611671344	S13455	30522	1344	$ 8.00	30731	In open payables
			Sum of Diff:	**$ (31,803.58)**		

Section 2: The following are the items that Priddis has on their open payables that are not on TW open payables

Invoice #	Description/ PO#	Inv. Date	Orginal Amt	Total Pd.	Due	
1048	553111588	2/3/2003	$ 187.41		$ 187.41	Try to retransmit via EDI-if can't send paper copy
1073	553111611	2/3/2003	$ 210.92		$ 210.92	Try to retransmit via EDI-if can't send paper copy
1253	461721127	11/22/2002	$ 84.47		$ 84.47	Try to retransmit via EDI-if can't send paper copy
1684	461720049	11/22/2002	$ 217.92	$ 192.43	$ 25.49	Amt paid is amt sent via EDI-need paper copy of invoice
1820	461721877	11/22/2002	$ 273.39	$ 106.45	$ 166.94	Amt paid is amt sent via EDI-need paper copy of invoice
1969	461721749	11/22/2002	$ 226.90	$ 23.39	$ 203.51	Amt paid is amt sent via EDI-need paper copy of invoice
2171	513411128	11/22/2002	$ 180.41	$ 83.47	$ 96.94	Amt paid is amt sent via EDI-need paper copy of invoice
2307	rar574773	11/22/2002	$ (1,918.00)		$ (1,918.00)	Send credit memo
2308	rar595995	11/22/2002	$ (6,727.00)		$ (6,727.00)	Send credit memo
2402	496000483	11/22/2002	$ 97.94	$ 82.49	$ 15.45	Amt paid is amt sent via EDI-need paper copy of invoice
2496	535070317	11/22/2002	$ 78.00	$ 0.78	$ 77.22	Amt paid is amt sent via EDI-need paper copy of invoice
2615	553111861	2/3/2003	$ 162.92		$ 162.92	Try to retransmit via EDI-if can't send paper copy
2828	553111681	2/3/2003	$ 236.41		$ 236.41	Try to retransmit via EDI-if can't send paper copy
2855	553111699	11/22/2002	$ 198.90	$ 175.92	$ 22.98	Amt paid is amt sent via EDI-need paper copy of invoice
3595	553110438	11/22/2002	$ 174.41	$ 23.49	$ 150.92	Amt paid is amt sent via EDI-need paper copy of invoice
3935	61101	11/22/2002	$ 26,290.70	$ 3,276.93	$ 23,013.77	Paid $30,343.70 on ck 952666 2/4/03-send credit for the difference
4107	580631754	11/22/2002	$ 209.47	$ 181.47	$ 28.00	Amt paid is amt sent via EDI-need paper copy of invoice
4343	63498	11/22/2002	$ 14,491.65	$ 4,490.76	$ 10,000.89	Paid $14,491.65 on ck 952666 2/4/03
4344	63495	11/22/2002	$ 17,347.70	$ 346.95	$ 17,000.75	Paid $17,347.70 on ck 952666 2/4/03
4345	63491	11/22/2002	$ 9,498.65	$ 3,851.24	$ 5,647.41	Paid $9,498.65 on ck 952666 2/4/03
e6016	580630573	11/22/2002	$ 413.92	$ 412.92	$ 1.00	Paid $413.92 on ck 952666 2/4/03
e6083	580630755	11/22/2002	$ 411.41	$ 397.41	$ 14.00	Amt paid is amt sent via EDI-need paper copy of invoice
e6458	580631877	11/22/2002	$ 450.90	$ 385.92	$ 64.98	Amt paid is amt sent via EDI-need paper copy of invoice
e9260	2739	5/30/2003	$ 51,365.30		$ 51,365.30	In open payables
e9261	2737	5/30/2003	$ 23,623.70		$ 23,623.70	In open payables
e9269	6387	6/3/2003	$ 8,429.40		$ 8,429.40	In open payables

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TWEC000354

s00007		12/23/2002	$ -		$ -	[illegible]
s00008		12/23/2002	$ (56.00)	$ (49.28)	$ (6.72)	Credit in the amount of $73.92 taken on check 952666 2/4/03
s00015		12/23/2002	$ (119.92)	$ (105.53)	$ (14.39)	Send copy of credit and need CBM #
						Send copy of credit and need CBM #
s00048		1/8/2003	$ (1,741.38)	$ (1,532.41)	$ (208.97)	Credit was usesd to reverse CBM000770 on check 968298 5/5/03-there was a deduction in the amount of $208.97 from the credit memo listed as "other"
s00050		1/8/2003	$ (56.00)	$ (49.28)	$ (6.72)	There was a deduction in the amount of $6.72 from the credit memo listed as "other"-send credit memo & need CBM number
s00051		1/8/2003	$ (682.96)	$ (680.88)	$ (2.08)	Credit used along with credits # s00049 & s00072 to reversed CBM136862 on check 968298 5/5/03-send copy of credit memo to verify deduction
s00074		13-Jan	$ (3,393.10)	$ (2,985.93)	$ (407.17)	There was a deduction in the amount of $407.17 from the credit memo listed as "other"-need CBM #
s00100		1/17/2003	$ (1,129.23)	$ (993.72)	$ (135.51)	There was a deduction in the amount of $135.51 from the credit memo listed as "other"-need CBM #
s00238		3/19/2003	$ (70.00)		$ (70.00)	In open payables
s00253		3/28/2003	$ (1,224.19)	$ (512.70)	$ (711.49)	No record-send credit
s00266		4/8/2003	$ -		$ -	Why is credit for $0.00?
s00386		4/28/2003	$ -		$ -	Why is credit for $0.00?
s00390		4/30/2003	$ (7.00)		$ (7.00)	Credit is in open payables-need CBM #
s00455		6/2/2003	$ -		$ -	Why is invoice for $0.00?
s05290	176471131	12/12/2002	$ 29.00	$ 12.49	$ 16.51	Paid $23.00 on check 968298 5/5/03-need paper copy of invoice
s06053	176471321	12/18/2002	$ 8.00		$ 8.00	No record-send paper copy
s06744	176471406	12/24/2002	$ 26.35		$ 26.35	Paid $12.49 on check 968298 5/5/03-send paper copy of invoice
s08483		1/27/2003	$ 114.90		$ 114.90	In open payables
s10132		4/1/2003	$ -		$ -	Why is invoice for $0.00?
s10189	611670922	4/1/2003	$ -		$ -	Why is invoice for $0.00?
s10193	611671226	4/1/2003	$ -		$ -	Why is invoice for $0.00?
s10238		4/1/2003	$ -		$ -	Why is invoice for $0.00?
s12520	611671226	4/30/2003	$ 8.00		$ 8.00	Try to retransmit via EDI-if can't send paper copy
s12980	611671811	5/21/2003	$ 8.00		$ 8.00	In open payables
s12981	611671916	5/22/2003	$ 26.49		$ 26.49	In open payables
s12984	611670939	5/22/2003	$ 15.00		$ 15.00	In open payables
s13029	611671276	5/22/2003	$ 43.00		$ 43.00	In open payables
s13070	611671129	5/22/2003	$ 26.65		$ 26.65	In open payables
s13149	611671176	5/21/2003	$ 8.00		$ 8.00	In open payables
s13231	611671611	5/16/2003	$ 43.00		$ 43.00	In open payables
s13261	611671205	5/21/2003	$ 8.00		$ 8.00	In open payables
s13322	611671434	5/21/2003	$ 8.00		$ 8.00	In open payables
s13357	611671453	5/21/2003	$ 8.00		$ 8.00	In open payables
s13361	611671378	5/21/2003	$ 5.25		$ 5.25	In open payables
s13362	611671015	5/21/2003	$ 8.00		$ 8.00	In open payables
s13411	611671226	5/21/2003	$ 8.00		$ 8.00	In open payables
s13412	611671815	5/22/2003	$ 15.00		$ 15.00	In open payables
s13413	611671154	5/22/2003	$ 19.49		$ 19.49	In open payables
s13427	611671939	5/22/2003	$ 8.00		$ 8.00	In open payables
s13455	611671344	5/23/2003	$ 12.49		$ 12.49	This invoice is also listed in section 1 for $8.00 & is in our open payables for $8.00-send paper copy of invoice
s13469	611671217	5/23/2003	$ 8.00		$ 8.00	In open payables

s13576	611671948	5/30/2003	$ 4.49		$ 4.49	In open payables
s13578	611671464	5/30/2003	$ 36.00		$ 36.00	In open payables
s13584	611671537	5/30/2003	$ 8.00		$ 8.00	In open payables
s13588	611670790	5/30/2003	$ 18.49		$ 18.49	In open payables
s13649	611671857	5/30/2003	$ 8.00		$ 8.00	In open payables
s13650	611671877	5/30/2003	$ 8.00		$ 8.00	In open payables
s13659	611671154	6/2/2003	$ 12.49		$ 12.49	In open payables
s13792		6/3/2003	$ 8.00		$ 8.00	In open payables
s13800	611671214	6/3/2003	$ 8.00		$ 8.00	In open payables
s13805		6/3/2003	$ 8.00		$ 8.00	In open payables
s13811	611671809	6/4/2003	$ 8.00		$ 8.00	In open payables
s13818	611671458	6/4/2003	$ 8.00		$ 8.00	In open payables
s13822	611671406	6/4/2003	$ 8.00		$ 8.00	In open payables
s13823	611671131	6/4/2003	$ 8.00		$ 8.00	In open payables
s13830	611670402	6/4/2003	$ 8.00		$ 8.00	In open payables
				Sum of Diff:	**$ 131,698.11**	

CONFIDENTIAL

TWEC000355

EXHIBIT Y

Tiemann, Sue

From: Tiemann, Sue
Sent: Thursday, November 13, 2003 2:18 PM
To: Kellar, Russell
Subject: FW: Priddis Invoices with Amt Differences

Russ,
Did Priddis respond?
Thanks,
Sue

-----Original Message-----
From: Kellar, Russell
Sent: Thursday, November 06, 2003 4:43 PM
To: 'Rick Priddis'; Gavon@priddis.com; 'lainee@priddis.com'
Cc: Tiemann, Sue
Subject: RE: Priddis Invoices with Amt Differences

Rick,
Could you or Lainee respond to Sue's inquiry below. Also, Sara pulled the list of titles that you have not been shipping. These titles account for 34% of your total business. I forwarded you the list of out-of-stock stores, but I haven't received a response. Thank you.

Russ Kellar
Trend Buyer
Trans World Entertainment
38 Corporate Circle
Albany, NY 12203
Visit us at WWW.FYE.Com
RKellar@TWEC.com
(P) 518-452-1242 Ext 7384
(F) 518-862-9519

-----Original Message-----
From: Tiemann, Sue
Sent: Thursday, November 06, 2003 4:12 PM
To: Kellar, Russell
Subject: RE: Priddis Invoices with Amt Differences

Russ,
Have you had a response from Priddis?
Thanks,
Sue

DEFENDANT'S EXHIBIT NO. Priddis 11 FOR IDENTIFICATION DATE 9-18-06 RPTR. LMB

-----Original Message-----
From: Kellar, Russell
Sent: Friday, October 24, 2003 10:30 AM
To: Tiemann, Sue; 'lainee@priddis.com'; 'Rick Priddis'
Cc: Festa, Kathleen; Gleason, Sara; Gavon@priddis.com
Subject: RE: Priddis Invoices with Amt Differences

Rick,
We still haven't received a response from this email. These are some of the major problems that are causing the payment issues. We have been allocating a significant amount of time

reconciling your account and we need your feedback as well. Every time there is a discrepancy on an invoice, it must be removed and researched before it can get paid. We would like to set up a conference call for 3:00 EST today to discuss the issues and get some resolution. Please confirm that this time will work for you. Thank you.

Russ Kellar
Trend Buyer
Trans World Entertainment
38 Corporate Circle
Albany, NY 12203
Visit us at WWW.FYE.Com
RKellar@TWEC.com
(P) 518-452-1242 Ext 7384
(F) 518-862-9519

-----Original Message-----
From: Tiemann, Sue
Sent: Friday, October 10, 2003 4:25 PM
To: 'lainee@priddis.com'; 'Rick Priddis'
Cc: Festa, Kathleen; Kellar, Russell
Subject: Priddis Invoices with Amt Differences

Lainee,

I had a supervisor research the invoices with the amount differences from your statement dated 8/20/03. She found that several things are occurring. The issues are with double billing, shortages and freight. I've attached a spreadsheet with the details for each invoice.

These are the same issues we've been having since the reconciliations started in January of this year. We've reconciled the account on 1/03, 2/03, 6/03 and 8/03. We have to make manual corrections each time a reconciliation is done. It's taking TWEC a lot of time to determine if we have been over or under billed.

Priddis must make the corrections necessary to remedy these issues. Thank you in advance for your cooperation.

Sincerely,

Sue

Sue Tiemann
Vendor Relations Assistant
Trans World Entertainment Corp.
Phone: (518) 452-1242 ext. 7763
Fax: (518) 464-1406

Visit us at www.fye.com

EXHIBIT Z

Priddis Invoices with Amount Differences from 8/20/03 Statement

ice #	TWEC's Priddis EDI Amt	Priddis Paper Invoice - Amt Total Section	Priddis Paper Invoice - Amt Due Section	Comments
84	$ 192.43	$ 217.92	$ 25.49	Need POD-need explanation of difference between TWEC EDI amt, Priddis total amt due and amt due on paper invoices-Priddis to correct this issue going forward
20	$ 106.45	$ 273.39	$ 166.94	TWEC feels this may be a double billing with invoice # 1816-need POD for both invoices-need explanation of difference between TWEC EDI amt, Priddis total amt due and amt due on paper invoices-Priddis to correct this issue going forward
69	$ 23.39	$ 226.90	$ 203.51	Need explanation of difference between TWEC EDI amt, Priddis total amt due and amt due on paper invoices-Priddis to correct this issue going forward
71	$ 83.47	$ 180.41	$ 96.94	TWEC feels this may be a double billing-need POD-need explanation of difference between TWEC EDI amt, Priddis total amt due and amt due on paper invoices-Priddis to correct this issue going forward
02	$ 82.49	$ 97.94	$ 15.45	TWEC feels this may be a double billing with invoice # 2408-need POD for both invoices-need explanation of difference between TWEC EDI amt, Priddis total amt due and amt due on paper invoices-Priddis to correct this issue going forward
96	$ 0.78	$ 78.00	$ 77.22	Decimal point issue-need explanation of difference between TWEC EDI amt, Priddis total amt due and amt due on paper invoices-Priddis to correct this issue going forward
	$ 175.92	$ 198.90	$ 22.98	TWEC feels this may be a double billing with invoice # 2249-need POD for both invoices-need explanation of difference between TWEC EDI amt, Priddis total amt due and amt due on paper invoices-Priddis to correct this issue going forward
95	$ 23.49	$ 174.41	$ 150.92	Need explanation of difference between TWEC EDI amt, Priddis total amt due and amt due on paper invoices-Priddis to correct this issue going forward
07	$ 181.47	$ 209.47	$ 28.00	Need POD-need explanation of difference between TWEC EDI amt, Priddis total amt due and amt due on paper invoices-Priddis to correct this issue going forward
458	$ 385.92	$ 450.90	$ 64.88	Short shipped on this invoice-now CBM92468-need explanation of difference between TWEC EDI amt, Priddis total amt due and amt due on paper invoices-short shipped on this invoice-Priddis to correct this issue going forward
5290	$ 23.00	$ 29.00	$ 6.00	Freight issue-paper invoice billed $15.00 for freight while EDI amt is $9.00-Priddis allowed only $1.00 per invoice for an order of less than 20 pieces-need explanation of difference between TWEC EDI amt, Priddis total amt due and amt due on paper invoices-Priddis to correct this issue going forward
5744	$ 12.49	$ 26.49	$ 14.00	Freight issue-paper invoice billed $15.00 for freight while EDI amt is $1.00-Priddis allowed only $1.00 per invoice for an order of less than 20 pieces-need explanation of difference between TWEC EDI amt, Priddis total amt due and amt due on paper invoices-Priddis to correct this issue going forward
	$ 1,291.30	$ 2,163.73	$ 872.33	

DEFENDANT'S EXHIBIT NO. Price 12 FOR IDENTIFICATION DATE: 8-18-06 RPTR: [illegible] PENGAD 800-631-6989

CONFIDENTIAL TWEC000558

EXHIBIT AA

From: Rick Priddis <RLP@priddis.com>
To: "Kellar, Russell" <RKellar@TWEC.COM>
Cc: Gavon Barkdull <gavon@priddis.com>
Bcc: Alaina Price <Lainee@priddis.com>, Wendy O'Keefe <wendy@priddis.com>
Date: Wednesday, February 12, 2003 4:50 PM
Subject: Re: Special Orders

Russ,

I'll go ahead and release the special orders tomorrow.

I'm just finishing up the reconciliation and should be able to send that to you tomorrow. It's looking like we'll need between $75,000 - $100,000.00 sent to us to bring your account up to date. At that point we can look at sending the large orders again.

Thanks for your patience.

Rick Priddis

> From: "Kellar, Russell" <RKellar@TWEC.COM>
> Date: Wed, 12 Feb 2003 16:06:13 -0500
> To: "'Rick Priddis'" <RLP@priddis.com>, "'Gavon'" <gavon@priddis.com>
> Cc: "Gleason, Sara" <SGleason@TWEC.COM>
> Subject: Special Orders
>
> Rick,
> I have been receiving phone calls from stores that have been told the
> special orders they placed are not shipping. I knew this was an issue 2
> weeks ago, but I thought this was cleared up. Could you please let me know.
> I would hate to upset customers because of this. Thanks.
>
> Russ Kellar
> Trend Buyer
> Trans World Entertainment
> 38 Corporate Circle
> Albany, NY 12203
> Visit us at WWW.FYE.Com
> RKellar@TWEC.com
> (P) 518-452-1242 Ext 7384
> (F) 518-862-9519
>
>
>

Exhibit BB

Lotano, Alyssa

From: Tiemann, Sue

Sent: Tuesday, February 18, 2003 8:03 AM

To: 'lainee@priddis.com'

Subject: RE: Priddis Music Statement

Hi Lainee,
Would you please email the statement on an excel spreadsheet? Comparing two spreadsheets increases the accuracy. Rick Priddis mentioned last week that Priddis had sent POD's during 2002 to clear several chargebacks. On 2/11/03 I requested a spreadsheet of these chargebacks and that the documents be sent to my attention. Would you please check into this and let me know the status?
Thank you,
Sue

-----Original Message-----
From: Lainee Price [mailto:lainee@priddis.com]
Sent: Monday, February 10, 2003 7:25 PM
To: stiemann@twec.com
Subject: Priddis Music Statement
Importance: High

Dear Sue:

You should be receiving a statement from our company dated 1/31/2003 shortly. Please disregard this statement. A new and reconciled statement will be sent to you shortly. If you have any questions, please contact Wendy or myself.

Thank you,

Lainee Price
Accounting Manager
Priddis Music
800-326-3062
lainee@priddis.com

--
Outgoing mail is certified Virus Free.
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Version: 6.0.445 / Virus Database: 250 - Release Date: 1/21/2003

EXHIBIT CC

Festa, Kathleen

From: Festa, Kathleen
Sent: Wednesday, August 06, 2003 9:04 AM
To: Kellar, Russell; Tiemann, Sue
Cc: 'Gavon@priddis.com'; 'lainee@priddis.com'
Subject: RE: Priddis Reconciliation

Lainee,

In the future, please direct all reconciliation requests to Sue Tiemann. Russ Kellar does not reconcile your account. Your account was fully reconciled around February 26th 2003. With the volume of vendors that we have, it is impossible for us to reconcile with vendors any sooner than approximately every 6 months or so. However, you are more that welcome to get your open payable listings, which I understand Russ sent to you this week. Please send us all copies of invoices and the appropriate Pod's that you show as unpaid, all paperwork (denials) for the outstanding debit memo's and all open credits. We will work through them expeditiously. If you have any questions, don't hesitate to call me. Thanks

Kathy Festa
Vendor Relations Manager
Trans World Entertainment
(518) 452-1242 X7733
(518) 464-1406 Fax

-----Original Message-----
From: Kellar, Russell
Sent: Wednesday, August 06, 2003 8:20 AM
To: Tiemann, Sue; Festa, Kathleen
Cc: Gavon@priddis.com; 'lainee@priddis.com'
Subject: RE: Priddis Reconciliation

Sue/Kathy,
Could you please help out on this. I know you are slammed this week, but do you think you could reconcile this account by the end of next week? Thanks for the help.

Russ Kellar
Trend Buyer
Trans World Entertainment
38 Corporate Circle
Albany, NY 12203
Visit us at WWW.FYE.Com
RKellar@TWEC.com
(P) 518-452-1242 Ext 7384
(F) 518-862-9519

-----Original Message-----
From: Lainee Price [mailto:lainee@priddis.com]
Sent: Tuesday, August 05, 2003 6:45 PM
To: Kellar, Russell
Cc: 'Rick Priddis'; Gavon@priddis.com

Subject: Priddis Reconciliation
Importance: High

Russ:

Attached is the reconciliation for our open payable accounts. Please, make this your first priority. This should take no more than 2 days to complete. I am available for any questions you may have regarding the attached report. If you forsee problems that may hinder your progress, please call me so that I may help.

Thanks again for seeing this reconcilation through! It can get frustrating to continuously reconcile when no one is willing to work on the other end with me. I really appreciate it!!

Thanks again,

Lainee Price
Accounting Manager
Priddis Music
800-326-3062
lainee@priddis.com

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Version: 6.0.493 / Virus Database: 292 - Release Date: 6/25/2003

EXHIBIT DD

lainee

From: STiemann@TWEC.COM
Sent: Friday, August 15, 2003 7:10 AM
To: lainee@priddis.com
Subject: Priddis Statement 6/5/03 Recon & RA # 6342

Hi Lainee,

Attached is my reconciliation of the statement you sent on 6/5/03. Please let me know what you think.

Thanks,

Sue

-----Original Message-----
From: Lainee Price [mailto:lainee@priddis.com]
Sent: Monday, June 09, 2003 6:10 PM
To: Tiemann, Sue
Cc: 'Rick Priddis'; Gavon@priddis.com
Subject: FW: TWEC/Priddis - Open payables Rec.
Importance: High

Hi Sue:

Recently we had TWEC send us an open payables listing so that we could reconcile our Accounts Receivable account with yours. The attachment TW Rec 6-5-03 is a listing of the items that do not reconcile as of 6/5/03. I've made notes on a few items that will help clarify the inconsistenc ies . If you could please check these items against your records and either make the appropriate changes, or send me your notes and/or the applicable paperwork, we can bring us both into balance. Also, I'm aware of the possibility that a payment may have been applied differently by you than it was on our records. I've attached (twec payments) a listing of how your payments/credits were applied so that you can verify or make note of any differences.

Lastly, we had discussed the return for your RA#6342 which ended in a CM being issued for you (S00451) in the amount of $5594.39 (via your emailed spreadsheet of the contents.) Unfortunately, we have received almost twice the amount of that authorized ($10,071.10) However, nearly 400 pieces of the returned product is non-Priddis product. I've enclosed a listing of those items (see Nonproduct returns) . Will you have an RA# approved for us to return these products to you. Also, please have the RA for theses products applied directly to the CM they were sent with (s00451) to avoid confusion. Also , when I noticed the CBM006342D (which I'm assuming is the equivalent credit memo) on your open payables, the amount only equals $1,435.44. Please clarify the difference in amounts ?

I've attached the Excel documents spoke about in this email. Thank you for working with us to make the appropriate changes. These changes will enable things to run smoothly. Also, since we are working through this together, please let me know of any additional problems you may have recorded.

Thanks a bunch!

Lainee Price
Accounts Payable/Receivable

EXHIBIT EE

otano, Alyssa

rom: Lainee Price [lainee@priddis.com]
: Friday, September 12, 2003 7:00 PM
o: Tiemann, Sue
ubject: RE: Priddis Statement 8/20/03
nportance: High
ttachments: Priddis Statement 082003- ADJUSTED.XLS

ue:

ched is my response to the reconcilation you sent me. I've faxed all the information you requested. I will also send a copy via . Also, please close all open RA #s. We will start new from here out so that we can keep track as discussed on the phone.

se let me know if you have any questions!! Have a good weekend.

ee

-----Original Message-----
From: STiemann@TWEC.COM [mailto:STiemann@TWEC.COM]
Sent: Friday, September 05, 2003 12:28 PM
To: lainee@priddis.com
Subject: Priddis Statement 8/20/03

Hi Lainee,

Attached is my response to your statement dated 8/20/03. I've also attached the CBM details you requested. Let me know if you have any questions.

Thanks,

Sue

Sue Tiemann
Vendor Relations Assistant
Trans World Entertainment Corp.
Phone: (518) 452-1242 ext. 7763
Fax: (518) 464-1406

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Version: 6.0.515 / Virus Database: 313 - Release Date: 9/1/2003

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on: 6.0.515 / Virus Database: 313 - Release Date: 9/1/2003

EXHIBIT FF

:XPLANATION OF TWE DEDUCTIONS:

[he following are TWE pending deductions, which will be paid back on the Vendors next regular check and hould be posted as Debits on the TWEC statement:

\DV Deduction: This deduction represents all of your outstanding **Unprocessed Advertising** that you iave not authorized at the time that the check is cut. This amount is determined by advertising that has been :ommitted, but you have not authorized, do not have the Invoice, or proof of performance. Consequently, the imount will always be repaid on your next regular check. Once TWE receives the authorization, TWE removes the imount from the unprocessed, at which time it becomes a line item deduction on your check (CBA).

	Prefix	Explanation
*	ADV062006	The sum of all Unprocessed Advertising.
*	ADV062006R	The reversal (Which will be paid back with the vendors next regular check.)

?AR Deduction: This deduction represents all of your outstanding **Return Authorization Request's** hat you have not authorized at the time that the check is cut. It is product that is sitting in our warehouse vaiting to be returned to you. Consequently, the amount will always be repaid on your next regular check. When you send in your RA (return authorization) TWE removes the return from the RAR file and immediately returns it to you, at which time the return becomes a line item deduction on your check (CBM). This deduction is made to reduce the risk of going into a debit balance due to the timing of the product shipping after the payment is made.

	Prefix	Explanation
*	RAR062006	The sum of all the Return Authorization Requests
*	RAR062006R	The reversal (Which will be paid back with the vendors next regular check.)

Leverage: This deduction represents the amount calculated in order to maintain your agreed **Leverage** percentage at the time of payment. Consequently, the amount will always be repaid on your next regular check. Leverage can also aide in gauging over-buying and over-selling.

	Prefix	Explanation
*	LEV062006	The figure that is deducted to keep the vendor at the agreed Leverage Percentage.
*	LEV062006R	The reversal (Which will be paid back with the vendors next regular check.)

RET Deduction: This deduction represents the total amount of anticipated **Returns/Recalls** coming in from the field. It is essential that TWE understand the timing of the returns/recalls coming in as they can put a vendors account into a debit balance. Consequently, the amount will always be repaid on your next regular check.

	Prefix	Explanation
*	RET062006	This deduction is used when there are anticipated returns/recalls coming in from the field, that could possibly put the vendor in a debit balance.
*	RET062006R	The reversal (Which will be paid back with the vendors next regular check.)

DLCK Deduction: This deduction represents is a charge or credit that TW must enter in order to produce a clean up check. In the event that there is no payment due the vendor, TW will cut a clean up check for the vendor so that the account can stay clean and up to date.

	Prefix	Explanation
*	DLCK0606	This is the deduction that TW must use to create a clean up check ($1.00 check and it may be a credit or debit and the reversal would be the opposite).
*	DLCK0606R	The reversal (Which will be paid back with the vendors next regular check.)

Note: There will always be a prefix then the month and year. The same for the reversal, the only difference is an "R" at the end.

EXPLANATION OF TWE DEDUCTIONS CON'T:

The following is what you can expect to see on your check edit as a line item, for deductions ie.. Advertising, Returns, Shortages, Pricing Differences, Price Protections, POS, Non-compliance of POD Requests or Auditor deductions. These items will not be paid back without a Credit Memo from the vendor or proof as to why the deduction should not be honored.

	Prefix	Explanation
*	CBA	This the line item charge back for Advertising. There will be the prefix and then the Authorization number.
*	CBAR	This is the reversal which will be done when credit is received.
*	CBM	This is the line item charge back for Returns, Shortages and Pricing differences. This is TWE system generated number.
*	CBR	This is the reversal which will be done when credit is received.
*	CA12345	This is the line item charge back for Price Protection. The numbers of the charge back follow the CA. The reversal will have an R at the end of the numbers.
*	FLEX	This is the line item charge back for Point of Sale (POS) rebates. The numbers of the charge back follow the FLEX. The reversal will have an R at the end of the numbers.
*	CBP	This is the line item charge back for non-compliance of a POD request. TW will request POD if there is no reciept in the system and the invoice is already paid. TW will charge back approximately 60 days after the request of the POD's. This charge back will be reversed ONLY when TW has received all POD's requested.
*	12345CA	This is a post audit charge back. The reversal has an R at the end.

Note- there will always be the prefix then the actual charge back number, except for the post audit.

'he following is how TW codes our vendors Credit Memo's:

	Prefix	Explanation
*	CMA	Credit Memo for Advertising charge backs.
*	CMM	Credit Memo for Returns, Shortages, Price Protection, Pricing Differences Auditor charge backs and any other.
*	CMU	Credit Memo Unknown. We use this if there is no reference number on the credit memo and we can not apply it to a charge back or an invoice.

Note- There will always be a prefix followed by the Vendors credit memo number.

CONFIDENTIAL

EXHIBIT GG

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF NEW YORK

PRIDDIS MUSIC, INC.,

Plaintiff,

- against -

TRANS WORLD ENTERTAINMENT CORPORATION,

Defendant.

PLAINTIFF'S SUPPLEMENTAL DISCLOSURES PURSUANT TO FRCP 26(a)(1)

Civil No. 05-CV-491 (DNH/DRH)

The plaintiff Priddis Music, Inc., by and through its attorneys McNamee, Lochner, Titus & Williams, P.C., hereby supplements its disclosures pursuant to Fed. R. Civ. P. 26(a)(1) as follows:

C. COMPUTATION OF CATEGORIES OF DAMAGES CLAIMED BY PLAINTIFF

Plaintiff's damages, which total $3,053,298.62, include:

(1) $721,189.12 in cash due (including $185,948.00 in anticipated return credit for returns that were never made);

(2) $1,592,920.17 in excessive and unreasonable returns of product;

(3) $99,265.63 in excessive credit taken for the return of Sound Choice product under the Buy Out Agreement;

(4) $95,000.00 in displays sent to TWEC;

(5) $540,313.70 in "rack-placement fees," which were disguised advertising fees; and

(6) $4,610.00 in distribution center fees wrongfully charged to plaintiff.

DEFENDANT'S EXHIBIT NO. 18 FOR IDENTIFICATION DATE 8-11-06 RPTR. [illegible] PENGAD 800-631-6989

DATED: Albany, New York
March 1, 2006

McNAMEE, LOCHNER, TITUS & WILLIAMS, P.C.

By: Morgan Costello
Kenneth L. Gellhaus, Esq. Bar Roll No. 101755
Morgan A. Costello, Esq. Bar Roll No. 512862
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Telephone: (518) 447-3200

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF NEW YORK

PRIDDIS MUSIC, INC.,

Plaintiff,

- against -

Civil Action No.
05-CV-0491
DNH/DRH

TRANS WORLD ENTERTAINMENT CORPORATION,

Defendant.

CERTIFICATE OF SERVICE

I, Christina J. Tallman, hereby certify that on March 1, 2006, I served via U.S. Mail Delivery; the foregoing Plaintiff's Supplemental Disclosures Pursuant to FRCP 26(a)(1), on the following person(s):

Philip J. Iovieno, Esq.
J. Matthew Donohue, Esq.
Boies, Schiller & Flexner LLP
10 North Pearl Street, 4th Floor
Albany, NY 12207

Christina J. Tallman
Christina J. Tallman